

Head Office Authorisation Letter

China CITIC Bank London Branch (“CNCBLB” or “the Branch”) Delegation of Authorisation

To the President of CNCBLB,

The following sets out the formal expression of Authority delegated by China CITIC Bank also known as Head Office (“HO”) to the President of CNCBLB. The authorities set out below can be sub-delegated as deemed appropriate by the President whom shall remain overall responsible for the operation of the Branch in accordance with both this delegated authority and the local law and regulations applicable to CNCBLB.

This authority will be reviewed annually and re-issued no later than two weeks before the anniversary of the previous Delegation of Authority. Revision outside the annual cycle can be requested by both the President at Branch level and Vice President at HO level.

Any requirement which exceeds these authorities must be pre-approved by the President of the HO following a written submission from the President.

1. Overarching Authorities Delegated to the President

The President is authorised to:

- Organise the operations of CNCBLB in order achieve the strategic objectives of the Branch;
- Make operational decision in respect of all requirements not expressly captured in this document in accordance with governance arrangements in place within the Branch;
- Sub-delegate any part of their authority to any direct report (e.g. the Vice President or the Chief Risk Officer);
- Represent the position of HO to the UK regulatory authorities, specifically the Prudential Regulation Authority and the Financial Conduct Authority;
- Make hiring and firing decisions in respect of staff employed by CNCBLB including in respect of members of the Management Committee. Where these individuals are expatriate staff seconded from HO, decisions will be made in consultation with and in all cases in accordance with internal governance arrangements in place within the Branch. For the avoidance of doubt, the President is able to reject any individual hire proposed by HO, whether a local hire or an expatriate secondees;
- Approve local documentation required to operate the Branch and / or satisfy any other local authority (e.g. HMRC);
- sign contractual documentation on behalf of the Bank in matters pertaining to the Branch; and
- Veto proposals for new business proposed by HO if deemed incompatible with the local regulatory requirements and / or the local strategy of the Branch.

2. Operational Authorities

The following sections set out areas where specific limits have been set to ensure alignment between HO Risk Appetite and the strategic objectives of the Branch. Specific delegated authorities have been set by risk category.

2.1. Credit Approval Authority

The limits applicable to permitted credit exposures and approvals thereof within the UK are summarised in Table 1 below with further requirements and definition provided in the remaining part of this section.

Table 1 - Customer Credit Approval Authority

<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>	<u>HO Rating</u>	<u>Institutional</u>	<u>Corporate</u>
Aaa	AAA	AAA	AAA+	\$150mn	\$100mn
Aa1	AA+	AA+	AAA	\$120mn	\$80mn
Aa2	AA	AA	AA+	\$120mn	\$80mn
Aa3	AA-	AA-	AA	\$120mn	\$80mn
A1	A+	A+	A+	\$100mn	\$60mn
A2	A	A	A	\$100mn	\$60mn
A3	A-	A-	BBB+	\$100mn	\$60mn
Baa1	BBB+	BBB+	BBB	\$80mn	\$50mn
Baa2	BBB	BBB	BB+	\$80mn	\$50mn
Baa3	BBB-	BBB-	BB	\$80mn	\$50mn

- CNCBLB will be responsible to review and approve credit limits of its own customers within RAS.
- CNCBLB will not be allowed to on-board customer with internal credit rating less than BB.
- For Corporates and Financial Institutions ("FIs") with credit ratings from more than one rating agency such as S&P and Moody's, credit rating should always follow the lower one.
- For Corporates and Financial Institutions ("FIs") without credit ratings from rating agency, CNCBLB will adhere to the HO rating.

2.2. Treasury and Money Market Authority

Limits applicable to treasury activities are summarised below:

- Open FX positions (end of day) must not exceed \$2mn equivalent;
- Open FX positions (intra-day) must not exceed \$10mn equivalent;
- No trading on behalf of customers other than in respect of Spot Foreign Exchange ("FX") will be permitted.

2.3. Other Approval Authority

There are a range of other aspects of the day-to-day operation where the President has been delegated specific authorities. These are set out in Table 2 below.

Table 2 – Other Authorities

<u>Category</u>	<u>Authorisation Limits</u>
Business Expenses	
Large Operating Expense	Single transaction amount ≤ \$150,000
Physical and Intangible Assets	
Office Facilities, Fixture and Fittings purchase and IT expenditure	Single transaction amount ≤ \$150,000
Fixed Assets Disposal	Fully depreciated, Asset Original Value ≤ \$100,000
Asset impairments Losses Write Off	
Asset impairments losses	Single write-off can be approved by the President only up to amount of \$250,000

Note:

- CNCBLB is authorised to expense personnel costs, utilities cost (i.e. water and electricity), communication, line rental cost, postage, taxes, bank regulatory fees in accordance with the actual needs, not subject to Large Operating Expense Authorisation Limits

2.4. Human Resource Management Approved Authority

CNCBLB shall establish and maintain a set of HR policies covering roles description, Organisational Chart, recruitment policy, staff performance management and appraisal policy, remuneration and benefits/welfare framework including management of disciplinary/misconduct policy. All HR arrangements should be in line with the regulations and employment law in the UK.

Specifically, on staff remuneration and benefits, the President, in accordance with local governance arrangements, is authorised to:

- Set the bonus of department head-level and head-below expatriate staff and notify HR department of Head Office;
- Set the remuneration and benefits/welfare standard (including salary and bonus etc.) of local Department head-level and head-below staff.

3. Head Office Declaration

HO acknowledges the following:

- This delegated authority will be expressed as a Branch specific Risk Appetite Statement for ease of operationalisation within CNCBLB;
- The President is obliged to comply with the following:
 - All local laws and regulations must be adhered to at all times;

- b) All regulatory requirements applicable to the Branch from a CBRC perspective must be adhered to at all times; and
- c) Where a conflict arises between these requirements, HO must be notified while UK legislation and regulatory requirement will take precedence.

All authorities delegated in this letter is delegated from the President of China CITIC Bank to the President of CNCBLB. This Authorisation Letter will be valid from [Date] for a period of one year. All previous Authorisation Letters provided from HO to the President of CNCBLB will be revoked on and from the above mentioned date.

Yours sincerely,



China CITIC Bank
30 May 2018